



**ANTI-MONEY LAUNDERING/
COUNTER TERRORISM FINANCING
POLICY**

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ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM POLICY

EXECUTIVE SUMMARY

This Anti-Money Laundering and Counter-Terrorism Policy applies to the MyState Group. Accordingly, in this Policy, MyState equally means MyState Limited, MyState Financial Limited, Tasmanian Perpetual Trustees Limited as well as all other MyState Limited Group entities.

PREAMBLE

Money laundering is the processing of criminal profits through legitimate means to disguise the illegal source of those profits.

Terrorism financing is the financing of terrorist acts and of terrorists and terrorist organisations through the provision of any kind of asset in any form. , Terrorism financing differs from money laundering in two ways: (a) Small sums of money can do large amounts of damage; and (b) Funds to finance terrorism don't necessarily come from criminal activities – they can come from private contributions or donations from unsuspecting people; hence the importance of vigilance and reporting suspicious activity.

MyState acknowledges that Australia's anti-money laundering and counter terrorism financing legislation will provide law enforcement agencies with high quality financial intelligence, to assist in the detection and prevention of terrorist activity and the laundering of proceeds of crime.

In the context of the nature of MyState's business, its size and its complexity, and resources available, MyState also acknowledges the likelihood of serious risks with respect to personal, stakeholder, regulatory, and reputation in the event it fails to adequately design, develop and implement appropriate training, processes and procedures to minimize the likelihood of MyState (in any shape or form, inadvertently or otherwise) involving itself, or be seen to be involving itself in the facilitation of money laundering or terrorist financing.

To this end, MyState has embraced its statutory obligations to assist in the detection and prevention of terrorist activity and the laundering of proceeds of crime by knowing its customers through identification, verification and ongoing monitoring; reporting suspicious matters and transactions above a set threshold; ensuring customer information accompanies international funds transfer instructions and, record keeping obligations. MyState will also cause all its employees to be aware of AML and CTF and what these terms mean, detail the roles and responsibilities of its employees in relation to AML/CTF and clearly document the requirements of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (the Act).

POLICY PARAMETERS

KEY TERMS

AML/CTF Act means *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*;

AML/CTF Program means the adoption of processes and procedures for identifying, mitigating and managing any money laundering or terrorism financing risks of customers, products and services. The way MyState will meet its obligations under the Act is for MyState to determine.

The AML/CTF Program is divided into 2 parts:

- Part A is designed to identify, manage and mitigate money laundering and terrorism financing risks reasonably faced by MyState. This will include awareness training, employee due diligence and training, appointment of an AML/CTF Compliance Officer, independent review of AML/CTF program effectiveness and compliance, and monitoring agents and third parties where applicable. Part A must also include appropriate procedures for MyState to have regard to Austrac feedback. Part A must be approved by the Board and must also be subject to the ongoing oversight of the Board and senior management.
- Part B will outline MyState's customer identification process and procedure and the requirements regarding ongoing monitoring of customer transactions.

Austrac means the Australian Transaction Reports and Analysis Centre (AUSTRAC) and is Australia's anti-money laundering and counter- terrorism financing (AML/CTF) regulator and specialist financial intelligence unit (FIU).

Designated services as they are relevant to MyState:

- opening an account (in the context at Tasmanian Perpetual Trustees means purchasing a unit or interest in a managed investment scheme where the account provider is a responsible entity);
- allowing a person to become a signatory to the aforementioned account;
- allowing transactions to be conducted on the aforementioned account by the account/unit/interest holder or authorised signatory, including the provision of a cheque(s) when requested
- accepting a deposit;
- making a loan and allowing the borrower to conduct a transaction in relation to the loan;
- sending and receiving electronic funds transfer instructions;
- providing a custodial or depository service, including providing a safe deposit box; and
- accepting a contribution, rollover or transfer in respect of a member of a superannuation fund...

ML/TF risk means the risk that a reporting entity may face in the provision by the reporting entity of designated services that might (whether inadvertently or otherwise) involve or facilitate money laundering or the financing of terrorism. In identifying its ML/TF risk, MyState must consider:

- its customer types including politically exposed persons;
- the types of designated services it provides;
- the methods by which it delivers the designated services;
- the foreign jurisdictions with which it deals; and
- its permanent establishments set up in foreign jurisdictions.

Note: Consideration of dot points 4 and 5 are unnecessary at the date of this policy document.

Money laundering is the processing of criminal profits through legitimate means to disguise the illegal source of those profits.

Stakeholders means shareholders, private clients, investors, testators, beneficiaries, borrowers, directors and employees

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Suspicion means that at the relevant time, being the time MyState commences to provide, or proposes to provide, a designated service to a customer, MyState believes that upon reasonable grounds the customer may be involved in money laundering or financing of terrorism. Suspicious matter reporting to Austrac is required where any of the following conditions is satisfied:

- Suspicions with respect to identity;
- Suspicions with respect to the customer or transaction involving tax evasion;
- Suspicions with respect to the customer or transaction being connected to an offence under the Proceeds of Crimes Act and/or the Suppression of the Financing of Terrorism Act;
- Suspicions with respect to the customer or transaction being connected to an offence under Commonwealth, State or Territory Law;
- Suspicions with respect to the customer or transaction being connected to the financing of terrorism;
- Suspicions with respect to the customer or transaction being connected to money laundering.

POLICY OBJECTIVE, RATIONALE AND DELIVERABLES

1. Objective

The objective of this policy is to ensure that MyState has designed and implemented processes and procedures that are consistent with Austrac guidelines and the objectives and purposes of the AML/CTF Act.

The overall framework for AML and CTF regime in MyState is designed so that the business units will take responsibility for:

- verifying the true identity of customers prior to providing the designated services(customer due diligence);
- reporting all suspicious matters and threshold transactions to Austrac;
- keeping appropriate records; and
- complying with a rigorous AML/CTF programme.

Note: Mystate must address and deal with ML/TF risks it may reasonably face in ways that are relevant to the nature, size, complexity and resources available to its business. These factors will determine how Part A components are applicable to Mystate and the level of detail that should be documented in its AML/CTF programme.

2. Rationale

- To align the AML and CTF regime with Mystate's existing Risk Management and Compliance regime.
- To provide a consistent approach to the collection of information and verifying the true identity of customers prior to providing the designated services (customer due diligence), reporting all suspicious matters and threshold transactions to Austrac, keeping appropriate records; and complying with the AML/CTF programme.
- To provide a business-wide AML/CTF blueprint.
- To raise and heighten AML/CTF understanding and awareness throughout the business.

3. Deliverables

- AML/CTF Policy
- AML/CTF Programme (incorporating ML/TF Risk Assessment)
- AML/CTF Procedures incorporating:
 - Identifying and verifying customers;
 - suspicious/unusual matter monitoring and reporting;
 - threshold transaction monitoring and reporting;

- international funds transfer instruction monitoring and reporting;
- record keeping;
- enhancing and maintaining the currency MyStates AML/CTF regime in response to specific Austrac feedback and/or industry wide AML/CTF changes; and
- compliance thereof.

POLICY STATEMENT

The AML/CTF regime will require MyState to design, develop and implement procedures and processes to minimize the likelihood of MyState (in any shape or form, inadvertently or otherwise) involving itself, or be seen to be involving itself, or facilitating money laundering or the financing of terrorism.

The design and development phase must include a process where TPTL assesses the risks (of involving itself or facilitating money laundering or the financing of terrorism) by carefully and systematically considering clients/customers; products/services; and, its distribution channels. This phase will determine the level of detail after consideration of the nature, size and complexity of the business of MyState vis a vis the ML/TF risk it might reasonably face. A documented trail must exist to show that risk assessment covered these areas.

The core component of the Act is the requirement for MyState to identify, mitigate and manage the risk of money laundering and terrorism financing activities through developing and implementing the following mandatory obligations:

- Verifying the true identity of customers prior to providing the designated service (customer due diligence);
- Reporting all suspicious matters and threshold transactions to the Australian Transaction Reports and Analysis Centre (Austrac);
- Keeping appropriate records (record keeping); and
- Developing and complying with a rigorous internal AML/CTF programme.

Customer due diligence:

MyState will be required to verify a customer's identity before providing a designated service to the customer.

For existing customers, the customer identification and verification requirements are suspended and only 'reignited' if a suspicious matter reporting obligation arises in relation to that customer.

Reporting:

MyState will be required to report suspicious matters to Austrac. In the case of suspicions relating to the financing of terrorism, MyState will have 24 hours from the time the relevant suspicion is formed to make a report to Austrac. In all other cases MyState will have 3 business days.

Record Keeping:

MyState will be required to create records of certain designated services and retain those records for 7 years.

RESPONSIBILITY FOR AML/CTF

Role of the Board

- Consider and approve the AML/CTF Policy.
- Receive and consider AML/CTF reports.
- Consider and approve AML/CTF strategies as recommended by the Group Risk Committee).

Role of Group Risk Committee

- Review the AML/CTF Policy and AML/CTF reports and make recommendations to the Board.
- Monitor MyState's AML/CTF performance and compliance with the AML/CTF Policy.
- Review breaches of the AML/CTF Policy and actions taken.

Role of the Managing Director

- Effectively manage MyState's AML/CTF regime across the business.
- Assign responsibilities to ensure the effective management of the identified ML/TF risks.
- Allocate roles and responsibilities to treat and monitor risks.
- Ensure that all parts of the organisation comply with the AML/CTF Policy.
- Promote awareness of AML/CTF so that it becomes embedded throughout the organisation.

Role of Senior Executives

- Ensure that the requirements of the AML/CTF Policy are incorporated into Divisional processes.
- Be accountable for delivering the outcome of AML/CTF processes and procedures in their particular area of responsibility.
- Support the AML/CTF Compliance Officer in the execution of the responsibilities of those positions.

Role of the AML/CTF Compliance Officer:

- Develop and implement the AML/CTF regime;
- Review, at least annually, the performance of the AML/CTF regime and provide enhancement recommendations, as appropriate, to the Group Risk Committee;
- Provide a heightened awareness throughout the business of key AML/CTF issues and AML/CTF techniques;
- Monitor business-wide AML/CTF performance;

- Develop and review AML/CTF processes and procedures;
- Develop and implement a procedure which takes account of specific Austrac feedback and/or industry wide changes. This Austrac feedback will be the key driver in enhancing and maintaining the currency of MyStates AML/CTF regime;
- Provide and be responsible for AML/CTF training to all relevant employees;
- Prepare reports for the Group Risk Committee and Austrac; and
- Develop and maintain a MyState AML/CTF compliance and report register.

Role of Staff

The role of all staff members is to manage AML and CTF risk in their area of activity through adherence to delegated responsibilities and AML/CTF processes and procedures and by bringing to the immediate attention of their supervisor any factor identified that could place the business of MyState and its obligations with respect to AML/CTF at risk.

MONITOR AND REVIEW

The Board, through the Group Risk Committee, will monitor and review the AML/CTF programme.

The Managing Director will facilitate, in accordance with this policy, the development of a common AML/CTF approach across areas of the business by:

- Implementing the AML/CTF programme
- Reporting on the progress of implementing the AML/CTF programme
- Ensuring a mechanism exists for the continual improvement of the AML/CTF programme

Implementation Date: / /

Reviewed September 2011